



STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA

(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)

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August 15, 1989

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Third District, San Diego

PAUL CARPENTER
Fourth District, Los Angeles

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Controller, Sacramento

CINDY RAMBO
Executive Director

No. 89/61

TO COUNTY ASSESSORS:

FINANCIAL CORPORATIONS

Each year we invite county assessors to send a list of firms whose status as financial corporations or banks needs to be verified. A few county assessors have already submitted lists for verification. If you have accounts that need to be verified, this year's list should reach us by September 30, 1989. We will work with Franchise Tax Board to perform the verification and notify assessors of the results.

In preparing your list, please consider the following:

1. Submit the exact corporate name. Sometimes holding companies, subsidiaries, and operating divisions, have names that are almost identical. It is very common that a corporation qualifies as a bank or financial corporation but its holding company or subsidiary does not. Division names or other DBAs are meaningless; status as a "general" or a "financial" is determined for the corporation as a whole, not division-by-division. A non-corporate entity (partnership or individual) is never a "financial corporation" even though the entity's or person's business activity is financial.
2. Submit the corporate number issued by the California Secretary of State or equivalent number issued by the Franchise Tax Board. The corporate number is not absolutely essential, but it is very helpful to the Franchise Tax Board and it ensures that the correct account is examined. The number can be obtained from a copy of taxpayer's Franchise Tax return or by requiring the taxpayer to complete an affidavit that the corporation qualifies as a financial corporation (example enclosed).
3. Submit the corporation mailing address if available. The mailing address is useful in some cases, but may be omitted. Please direct your list to Business Property Technical Services, Assessment Standards Division, P. O. Box 942879, Sacramento, CA 94279-0001.

The enclosed sample affidavit is useful for obtaining the information for the verification list. The affidavit is not Board-prescribed, so you may revise it to suit the needs of your office.

If the corporation files this type of affidavit we suggest the corporation be considered a bank or financial corporation (exempt from personal property assessment) unless there are other reasons to believe the corporation does not qualify. Our reasoning is that it is usually much easier to enroll escape assessments (against firms subsequently found to be general corporations) than it is to cancel assessments and refund taxes (when it is established that firms do qualify as banks or financials).

As a reminder again this year, please refer to Revenue and Taxation Code Section 235. The section reads as follows:

"235. For the purposes of this division, the lessee of tangible personal property owned by a bank or financial corporation shall be conclusively presumed the owner of that property."

Section 235 makes it clear that leased personal property owned by a qualifying bank or financial corporation is assessable to the lessee when said property is leased on the lien date. The effective date of Section 235 is January 1, 1987.

Please contact the Business Property Technical Services Section of this division if you have questions or comments concerning verification of banks or financial corporations.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:wpc
Enclosure
AL-24-0138F